

Chapter 4. Financial Resources

TEA-21 continues the requirement that long-range plan and transportation improvement programs be fiscally constrained. All projects identified and adopted as part of the plan must have some assurance of being funded within the time period described. This requirement prevents the preparation of a "wish list" plan that ignores the realities of financial limitations. Instead, the transportation plan will evaluate the various proposals, and recommend those projects that will result in the best overall transportation system.

Any estimate of future fund availability is problematic, due to difficulty of anticipating future federal and state transportation policies and priorities. Except for FTA Section 5307 (formerly Section 9) and 5311 (formerly Section 18) funds, and the FHWA CMAQ program neither Dutchess County nor the PDCTC metropolitan area receives a specific allocation of federal or state funds. These funds are allocated to the NYSDOT-Region 8 for distribution among the five urban/metropolitan counties (Dutchess, Orange, Putnam, Rockland, and Westchester) and the two largely rural counties (Columbia and Ulster). Nevertheless, NYSDOT prepared resource estimates for federal and state capital funds through 2025 based on historical allocations among the state's regions and the region's counties. Other reliable sources of funds include those for the special authorities and county highway funds (general and bond). It is more difficult to estimate what resources might be available from local government (city, town, village) over the period of the long-range plan. The resource estimates include federal, state, and local sources of funding, even though the PDCTC programming responsibility is limited to federally funded projects.

This discussion focuses mainly on available capital funds. Although reliable projections of maintenance and operating funds are not available, it is assumed that sufficient funds will be committed by the various operating agencies to ensure the integrity of the transportation system. The estimates of available capital funds outlined here are based on the reasonable expectations of the continuation of federal, state, and local funding in a manner consistent with historical practices. They should not be interpreted as funding allocations.

For the purposes of the transportation plan, the resource estimates have been divided into two categories: short-term, which are included in the *2002-2006 Transportation Improvement Program (TIP)*, and long-term, which cover the period 2007-2025. The plan recommendations will be similarly divided.

Federal Resources

The Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) administer federal surface transportation funds. The major FHWA programs include National Highway System (NHS), Interstate Maintenance (IM), Surface Transportation Program (STP), Highway Bridge Replacement and Rehabilitation (HBRR), and Congestion Mitigation/Air Quality (CMAQ). Each of these programs has

its own eligibility and project criteria, but there is a high degree of flexibility concerning the ability to transfer funds among the different categories.

The major FTA programs are Section 5309, Section 5307, Section 5311, and Section 5310. Each of these programs deals with a specific type of transit service. The Section 5307 and 5311 programs are formula programs that provide funding for urban and rural transit systems respectively. Section 5309 and Section 5310 funds are discretionary and distributed on a competitive basis among qualified projects.

For the period of the long-range plan, NYSDOT has estimated the following federal funding levels for the PDCTC metropolitan area based on 2000 appropriation levels. All figures are millions of *matched federal* dollars.

Figure 4-1
Estimated Federal Funds (Matched)
\$ Million

Source	2002-2006	2007-2025	Total
FHWA (NHS, STP, IM, CMAQ, HBRR)	108.9	445.1	554.0
FTA (Section 5307)	9.3	35.7	45.0
TOTAL	118.2	480.8	599.0

The vast majority of the available federal funds will come through FHWA. If flexibility provisions of TEA-21 are continued throughout the plan period, then the FHWA/FTA distinction may be less important.

State Resources

The other major source of transportation funds is New York State. The state makes a significant investment in transportation infrastructure at all levels of government through the State Dedicated Fund (SDF) and other local assistance efforts such as Consolidated Highway Improvement Program (CHIPs), the Suburban Highway Improvement Program (SHIPs), and the Multi-Modal Transportation Program (MMT).

The estimates of state transportation resources assume continuation of current programs at current levels and are classified as highway (including bridges) or transit.

Figure 4-2
Estimated State Funds
\$ Million

Source	2002-2006	2007-2025	Total
Highway	87.3	330.4	417.7
Transit	1.0	3.8	4.8
TOTAL	88.3	334.2	422.5

As with the federal funds, the majority of the state resources are designated for highway and bridge uses. These figures do not include any state funds provided to county and local governments to assist in implementation of highway, bridge and transit projects. For federally funded highway and bridge projects the state has traditionally provided 75 percent of the non-federal cost of the project, which is 15 percent of the total cost. This results in a funding breakdown of 80 percent federal, 15 percent state, and 5 percent local. Transit projects are assisted with 10 percent of the project cost. The state also subsidizes local transit operations through the State Transit Operating Assistance (STOA) program. STOA is paid based upon mileage and passengers. Region 8 uses approximately \$6 million in highway funds annually to subsidize the operation of inter-county bus services.

Dutchess County Highway Funds

The Dutchess County Department of Public Works is responsible for 394 miles of roads and 312 bridge and drainage structures over five feet in length. The county has an on-going commitment to maintaining these facilities. If current levels of funding are maintained, then Dutchess County will spend \$95 million of county bond money and CHIPs funds between 2007 and 2020.

Local Highway Funds

For the purposes of this discussion the assumption is that, in aggregate, the 31 municipalities will have \$2 million per year in local funds (including CHIPs) to spend on capital improvements. This results in a total of \$38.0 million over the plan period.

Transit Funds

Capital funds for the two bus systems, Dutchess County LOOP Bus System, and Poughkeepsie Bus System, are generally limited to the amount required by federal and state program match. Both bus systems are expected to pay their share for future bus and equipment purchases.

Special Authorities

Metropolitan Transportation Authority

As a division of the Metropolitan Transportation Authority (MTA), Metro-North Railroad is a public benefit corporation. Although Metro-North Railroad cannot issue bonds or borrow money in any other form, MTA can issue bonds on its behalf. It must depend on its revenues and subsidies for both its everyday operating costs and its long-term capital costs. While fare box revenues accrue directly to the railroad, subsidies generally go to the MTA, which then distributes them to its divisions based on a statutory formula.

Metro-North's revenues are primarily from passenger collections (tickets), with additional revenues from rents and concessions. Subsidies are from the MTA and Connecticut Department of Transportation (CDOT). Metro-North's revenues for 1999 totaled \$338.8 million and expenditures totaled \$678.6 million.

Metro-North generally uses two major financial performance indicators, calculated on a monthly basis, as barometers to indicate how the railroad is doing with its revenues and expenses. These indicators are the Fare Operating Ratio (FOR) and the Costs Per Passenger (CPP). The FOR is the percentage of the railroad's expenses covered by passenger revenues, and the CPP is the dollar value of the railroad's expenses divided by the number of Metro-North passengers. Metro-North's Fare Operating Ratio (FOR) has significantly improved since it was founded. From 1984 to 2000, the FOR went from 41.4 percent to 55.5 percent. In 1984, the Cost Per Passenger was \$7.95, while in May 2000, it was \$8.57.

Metro-North's system wide capital needs for the period 2000-2019 are projected at approximately \$6.7 billion based on its Twenty Year Needs Assessment completed in 1999. This figure includes Metro-North's current 2000-2004 Capital Program in the amount of \$1.3 billion. Funding for Metro-North capital projects beyond 2004 will depend upon Metro-North having approved Capital Programs beyond that year.

New York State Bridge Authority

The New York State Bridge Authority operates five vehicle bridges over the Hudson River between Bear Mountain and Catskill. It is a wholly self supporting public benefit corporation, relying on toll revenues to meet the costs of operation, maintenance and rehabilitation of the facilities over which it has jurisdiction.

In 1999 toll revenues reached \$25.3 million. Operating costs were approximately \$13.4 million and debt service \$4.7 million, allowing \$10 million to be allocated to capital rehabilitation projects. The Authority currently projects traffic growth at 1.1 percent per year in the foreseeable future, which, coupled with the toll increase in February 2000, is projected to increase revenue by 33 percent; this will provide \$66.1 million for continuing capital re-investment in the bridges between 2001 and 2005.

Between 2001 and 2020, the Authority estimates, \$22.6 million per year will be required for the rehabilitation and reconstruction of the existing facilities. Reductions in operating costs and innovative financing programs are among the alternatives to increased tolls the Authority is exploring to meet these changes.

New York State Thruway Authority

The Governor Thomas E. Dewey Thruway, the 641-mile highway crossing New York State, is the largest toll superhighway in the United States. The Thruway's 426-mile mainline connects New York City and Buffalo, the state's two largest cities. Other Thruway sections make direct connections with the Connecticut and Massachusetts turnpikes, New Jersey's Garden State Parkway, and other major expressways that lead to New England, Canada, the Midwest and the South. The majority of New York's 62 cities including the nine largest are located within the Thruway corridor, which contains 80 percent of the state's population.

The New York State Thruway Authority, an independent public corporation created by the New York State Legislature in 1950, operates this highway network. The Thruway Authority is financed through bonds being retired from tolls and other income. The capital program, maintenance, and operating expenses are funded out of these bond proceeds and toll revenues. In 2001, total revenues were \$441.9 million. The operating costs were \$229.1 million, and the debt service \$85.3 million. \$272.9 million was used for the capital program.

The Thruway Authority is also responsible for the capital program, maintenance, and operating expenses for the 524-mile New York State Canal System. In Dutchess County, the Thruway Authority is responsible for the maintenance and operation of I-84 from the New York State Bridge Authority toll plaza to the Connecticut state line, but the capital program is the responsibility of the New York State Department of Transportation.

Resource Summary

In the period covered by the *Connections 2025*, approximately \$1.2 billion will be available to allocate among the various projects and programs that have been identified for the PDCTC metropolitan area (Figure 4-3). Cost estimates indicate that the plan recommendations can be accomplished within the available resources.

Figure 4-3
Financial Resource Summary
\$ Million

Source	2002-2006	2007-2025	Total
Federal	118.2	480.8	599.0
State	88.3	334.2	422.5
Local	43.0	133.0	176.0
TOTAL	249.5	948.0	1,197.5

Financial Capacity Analysis

The Plan Recommendations element describes the major transportation projects and recommendations in the PDCTC area for the next two decades. TEA-21 requires that the long-range plan be financially constrained, that is, that the estimated project costs do not exceed the resources that are expected to be available.

At the most basic level, the *Connections 2025* meets the standard for financial constraint at both the short-range and long-range components of the Transportation Plan (Figure 4-4). There are, however, some issues regarding the balance of needs and resources that need further discussion. Of particular concern are local, especially municipal, highway needs, the ability of some of the special authorities to invest in infrastructure maintenance, the long-term operating costs for both existing and new services and facilities, and the current limitations on funding rail freight and intercity passenger projects.

Local Highway Projects

Local in this instance means non-state and includes county as well as municipal roads. During the short-term period the needs and resources are reasonably balanced. Long-term 2007-2025 local road infrastructure needs are estimated at \$103 million for the county and at least \$100 million for the municipalities. Available resources are estimated at \$95 million for Dutchess County and \$38 million for municipal projects. Although many county facilities are eligible for federal STP funds, most municipal roads are not. It is unlikely that the magnitude of the shortfall will be made up by state-generated funds such as CHIPs.

Figure 4-4
Financial Capacity Analysis, 2007-2025
\$ Million

Estimated Resources		\$910.0
Infrastructure Project Proposals		\$801.5
Highway and Safety Infrastructure		587.1
State	483.6	
County	103.5	
Bridge Infrastructure		195.5
State	104.5	
County/Local	91.0	
Transit Infrastructure		18.9
County	15.4	
City	3.5	
Capacity and Mobility Project Proposals		\$87.3
Highway Capacity		76.0
State	74.5	
County/Local	1.5	
Intelligent Transportation Systems		10.0
NYSDOT		
Demand Management		1.3
NYSDOT		
(Shortfall)/Available		\$21.2
Unfunded Capacity Projects		\$39.0
I-84 - Beacon, Fishkill	39.0	

Metro-North Railroad (MTA)

Metro-North Railroad service area covers three different MPOs in New York, and the funds for the railroad were not specifically included in the PDCTC resource estimates prepared by NYSDOT. Although most or many of Metro-North's projects will have at least an indirect benefit for Dutchess County, it is difficult to determine which of these projects will be wholly or partially funded by resources available to the PDCTC. For the purposes of *Connections 2025*, only those projects that are wholly located in the county were considered eligible for PDCTC funds. Funds for the larger system-wide projects are assumed to come from the other resources available to Metro-North.

New York State Bridge Authority

The Bridge Authority has identified a funding gap between its revenues and its anticipated capital needs during the period of this plan. Reduced operating costs, innovative financing, use of federal funds, and/or increasing the tolls are ways in which the Authority may close the gap. Like the MTA, the Bridge Authority is a regional agency that operates facilities in three MPO regions and three rural counties. For purposes of the *Connections 2025* two major infrastructure projects: Mid-Hudson Bridge restoration, replacement, or capacity improvements, and the Newburgh-Beacon Bridge resurfacing are considered eligible for PDCTC funds.

Operating Costs

As mentioned previously, neither the funding estimates nor the project costs specifically included operating and routine maintenance costs. The costs and activities vary by agency and include such items as snow plowing, filling pot holes, right-of-way maintenance, personnel costs for operating transit services and toll facilities, and routine repairs.

Currently all jurisdictions, agencies, and authorities have the ability to operate their respective facilities and services. *Connections 2025* assumes that the operation of the existing transportation facilities will continue during the period of the plan. The issue of operating costs will need to be explicitly addressed in all projects that include expanded or new services. This is a particular concern where new services may compete with existing services for available operation or maintenance funds. There is a trend to capitalize operating costs, which may erode available capital funds. This is driven by the downsizing of maintenance forces and an increase in maintenance by contract.

Freight and Intercity Passenger Rail

Current regulations prohibit use of FHWA and FTA funds for many freight and intercity rail projects. Some projects (i.e. right-of-way acquisition) may qualify for STP Transportation Enhancement (TE) program, but these funds are very limited and the project selection process has been very competitive. If the prohibitions continue then funding from other sources will need to be identified for projects like the NYS High

Speed Rail and restoration of freight rail service on the Poughkeepsie Railroad Bridge/Maybrook Corridor.

Implications

If current assumptions hold true, there will be sufficient funding for projects and actions proposed in the PDCTC *Connections 2025*; though, it is financially constrained as required by the federal regulations. As projects are advanced to the TIP, there will need to be additional discussions regarding local highway projects, transportation operating costs, project funding for regional authorities, and non-transit rail projects. The PDCTC will continue its efforts to address these issues.